

DOCKET FILE COPY ORIGINAL

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDINGFEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

APPROVED BY OMB

3080-0688

(1) LOCKBOX # 358680

PAGE NO. 1 OF 1

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)

Sidley & Austin

(3) TOTAL AMOUNT PAID (dollars and cents)

\$

(4) STREET ADDRESS LINE NO. 1

1722 Eye Street, N.W.

(5) STREET ADDRESS LINE NO. 2

(6) CITY

Washington

(7) STATE

D.C.

(8) ZIP CODE

20006

(9) DAYTIME TELEPHONE NUMBER (include area code)

202-736-8000

(10) COUNTRY CODE (if not in U.S.A.)

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

SECTION B - APPLICANT INFORMATION

(11) APPLICANT NAME (if paying by credit card, enter name exactly as it appears on your card)

AT&T Corp.

(12) STREET ADDRESS LINE NO. 1

32 Avenue of the Americas

(13) STREET ADDRESS LINE NO. 2

(14) CITY

New York

(15) STATE

NY

(16) ZIP CODE

10013

(17) DAYTIME TELEPHONE NUMBER (include area code)

(18) COUNTRY CODE (if not in U.S.A.)

COMPLETE SECTION C FOR EACH SERVICE. IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEETS (FORM 159-C)

SECTION C - PAYMENT INFORMATION

(19A) FCC CALL SIGN/OTHER ID

WLM560

(20A) PAYMENT TYPE CODE (PTC)

C C P M

(21A) QUANTITY

1

(22A) FEE DUE FOR (PTC) IN BLOCK 20A

\$ 70.00

FCC USE ONLY

(23A) FCC CODE 1

(24A) FCC CODE 2

(19B) FCC CALL SIGN/OTHER ID

Multiple

(20B) PAYMENT TYPE CODE (PTC)

C A P M

(21B) QUANTITY

5

(22B) FEE DUE FOR (PTC) IN BLOCK 20B

\$ 45.00

FCC USE ONLY

(23B) FCC CODE 1

(24B) FCC CODE 2

(19C) FCC CALL SIGN/OTHER ID

(20C) PAYMENT TYPE CODE (PTC)

(21C) QUANTITY

(22C) FEE DUE FOR (PTC) IN BLOCK 20C

FCC USE ONLY

(23C) FCC CODE 1

(24C) FCC CODE 2

(19D) FCC CALL SIGN/OTHER ID

(20D) PAYMENT TYPE CODE (PTC)

(21D) QUANTITY

(22D) FEE DUE FOR (PTC) IN BLOCK 20D

FCC USE ONLY

(23D) FCC CODE 1

(24D) FCC CODE 2

SECTION D - TAXPAYER INFORMATION (REQUIRED)

(25)

PAYER TIN

3 6 2 1 5 8 6 9 4

(26) COMPLETE THIS BLOCK ONLY IF APPLICANT NAME IN B-11 IS DIFFERENT FROM PAYER NAME IN A-2

APPLICANT TIN

1 3 - 4 9 2 4 7 1 0

SECTION E - CERTIFICATION

(27) CERTIFICATION STATEMENT

I, Rick D. Bailey

(PRINT NAME)

Certify under penalty of perjury that the foregoing and supporting information

are true and correct to the best of my knowledge, information and belief. SIGNATURE

Rick D. Bailey

SECTION F - CREDIT CARD PAYMENT INFORMATION

(28)

MASTERCARD/VISA ACCOUNT NUMBER:

MASTERCARD

EXPIRATION DATE:

MONTH YEAR

VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD
if the service(s)/authorization(s) herein described.

AUTHORIZED SIGNATURE

DATE

SIDLEY & AUSTIN
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

CHICAGO
DALLAS
LOS ANGELES

1722 EYE STREET, N.W.
WASHINGTON, D.C. 20006
TELEPHONE 202 736 8000
FACSIMILE 202 736 8711

FOUNDED 1866

NEW YORK
LONDON
SINGAPORE
TOKYO

WRITER'S DIRECT NUMBER

(202) 736-8058

February 3, 1998

Federal Communications Commission
Common Carrier Domestic Radio
P.O. Box 358680
Pittsburgh, PA 15251-5680

Re: Application for Transfer of Control of
Teleport Communications Group Inc.,
Proposed Parent of ACC Network Corp.
Licensee of Point-to-Point Microwave Stations

Ladies and Gentlemen:

Enclosed for filing on behalf of AT&T Corp. ("AT&T") and Teleport Communications Group Inc. ("TCG") are an original and one copy of an application on FCC Form 704 seeking Commission consent to the transfer of control of TCG. In an application received by the Commission on December 23, 1997, TCG proposed to acquire control of ACC Network Corp. ("ACC"), the licensee of the point-to-point microwave stations listed in Exhibit 1 to the application. AT&T and TCG are filing this application, which is contingent upon TCG merging with ACC prior to AT&T's proposed merger with TCG, because the TCG acquisition of ACC is likely to occur prior to AT&T's merger with TCG. Enclosed is a check payable to the FCC in the amount of \$295.00 to cover the required filing fee.

Please note that the referenced contingent transaction is being accomplished by a merger as described in the application and, although the merger will result in AT&T becoming the controlling entity, ACC will remain the name of the surviving licensee. Accordingly, the new authorizations should be issued in the name of ACC Network Corp.

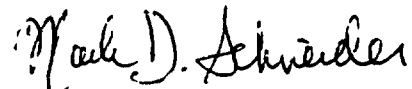
SIDLEY & AUSTIN

WASHINGTON, D.C.

Federal Communications Commission
February 3, 1998
Page 2

Questions or correspondence concerning this application
should be directed to the undersigned (202-736-8058).

Respectfully submitted,

A handwritten signature in cursive script that reads "Mark D. Schneider". The signature is written in dark ink and is positioned above the printed name.

Mark D. Schneider

Enclosure

APPLICATION FOR CONSENT TO TRANSFER OF CONTROL

(Under 47 CFR 21, 23, 25 and 101) Read instructions before completing.

PART I - To be completed by Permittee or Licensee

1(a) Name of Corporate Permittee or Licensee

ACC Network Corp.

Mailing Street Address or P.O. Box, City, State and ZIP Code

429 Ridge Road

Dayton, NJ 08810

Internet Address

Call Sign or Other FCC Identifier

See Exhibit One

(b) Fee Data. Refer to 47 CFR Section 1.1105, the Common Carrier or Wireless Telecommunications Bureau Fee Filing Guides.

Line No.	(1) Fee Type Code	(2) Fee Multiple	(3) Fee Due for Fee Type Code in (b)(1)
1	CCPM	1	\$ 70.00
2	CAPM	5	\$225.00

FCC USE ONLY

Add all amounts in Column (3), lines 1 and 2.

Remit this amount with your application. ➤ ➤ \$295.00

2. Permits or Licenses held by Corporation for which a Transfer of Control is sought in this application. (See instructions.)

(a) Call Sign (b) File Number (c) Service (d) No. of Stations

See Exhibit 1

3. Name and Street Address or P.O. Box, City, State and ZIP Code of Transferor

Teleport Communications Group Inc.

429 Ridge Road

Dayton, NJ 08810

4. Name and Street Address or P.O. Box, City, State and ZIP Code of Transferee

AT&T Corp.

32 Avenue of the Americas

New York, NY 10013

5. Permittee or Licensee represents: (check one)

☐ That there is attached to this application as Exhibit No. _____ a certified copy of the Articles of Incorporation (charter) of the permittee or licensee company.

☒ That there is now on file with the Commission a current certified copy of the Articles of Incorporation of the permittee or licensee company. Indicate where filed: Gettysburg, PA Date filed: December 24, 1997

CERTIFICATION: The undersigned, individually and for the permittee or licensee, represents that all the attached exhibits pertinent to Part I are a material part hereof and are incorporated herein as if set out in full in this application; and certifies that all the statements made in Part I of this application are true, complete and correct to the best of his (her) knowledge and belief. Willful false statements made on this application are punishable by fine and/or imprisonment (U.S. Code, Title 18, Section 1001), and/or revocation of any station license or construction permit (U.S. Code, Title 47, Section 312(a)(1)), and or forfeiture (U.S. Code, Title 47, Section 503).

Printed/Typed Name of Permittee or Licensee (Must agree with item 1)	Signature	Title (Office Held by Person Signing)	Date
ACC Network Corp.	Sarah M. Ayer-Gudell	Assistant Secretary	2/2/98

PART II - To be completed by Transferor

6(a) Transfer of Control will be accomplished by: (check one)

☒ Sale or other transfer or assignment of stock (Complete item 6(b)).

☐ Other (e.g., voting trust agreement, management contract, Court Order, etc.)

(b) Shares	No. of Shares	Classification (common, preferred, etc.)
Shares to be transferred		
Shares issued and outstanding		
Shares authorized		

7. Attach as Exhibit No. 2 a statement on how control is to be transferred, and copies of any pertinent contracts, agreements, instruments, certified copies of Court Orders, etc.

CERTIFICATION: The undersigned represents that stock will not be delivered and that control will not be transferred until the Commission's consent has been received, but that transfer must be completed within 45 days if Commission consents; that all attached exhibits pertinent to Part II of this application are true, complete and correct to the best of his (her) knowledge and belief. Willful false statements made on the application are punishable by fine and/or imprisonment (U.S. Code, Title 18, Section 1001), and/or revocation of any station license or construction permit (U.S. Code, Title 47, Section 312(a)(1)), and or forfeiture (U.S. Code, Title 47, Section 503).

Printed/Typed Name of Transferor Licensee (Must agree with item 3)	Signature	Title (Office Held by Person Signing)	Date
Teleport Communications Group Inc.			

FCC 704
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

Approved by OMB
3060-0048
Est. Burden: 8 Hours

FCC USE

APPLICATION FOR CONSENT TO TRANSFER OF CONTROL
(Under 47 CFR 21, 23, 25 and 101) Read instructions before completing.

PART I - To be completed by Permittee or Licensee

1(a) Name of Corporate Permittee or Licensee
AIX Network Corp.

Mailing Street Address or P.O. Box, City, State and ZIP Code
429 Ridge Road
Dayton, NJ 08810
Internet Address

Call Sign or Other FCC Identifier
See Exhibit One

(b) Fee Data. Refer to 47 CFR Section 1.1105, the Common Carrier or Wireless Telecommunications Bureau Fee Filing Guides.

Line No.	(1) Fee Type Code	(2) Fee Multiple	(3) Fee Due for Fee Type Code in (b)(1)
1	CCIM	1	\$ 70.00
2	CAIM	5	\$225.00

FCC USE ONLY

Add all amounts in Column (3), lines 1 and 2
Remit this amount with your application. ➤ ➤ \$295.00

2. Permits or Licenses held by Corporation for which a Transfer of Control is sought in this application. (See instructions.)

(a) Call Sign (b) File Number (c) Service (d) No. of Stations

See Exhibit I

3. Name and Street Address or P.O. Box, City, State and ZIP Code of Transferor

Teleport Communications Group Inc.
429 Ridge Road
Dayton, NJ 08810

4. Name and Street Address or P.O. Box, City, State and ZIP Code of Transferee

AT&T Corp.
32 Avenue of the Americas
New York, NY 10013

5. Permittee or Licensee represents: (check one)

☐ That there is attached to this application as Exhibit No. _____ a certified copy of the Articles of Incorporation (charter) of the permittee or licensee company.

☒ That there is now on file with the Commission a current certified copy of the Articles of Incorporation of the permittee or licensee company. Indicate where filed: Gettysburg, PA Date filed: December 24, 1997

CERTIFICATION: The undersigned, individually and for the permittee or licensee, represents that all the attached exhibits pertinent to Part I are a material part hereof and are incorporated herein as if set out in full in this application; and certifies that all the statements made in Part I of this application are true, complete and correct to the best of his (her) knowledge and belief. Willful false statements made on this application are punishable by fine and/or imprisonment (U.S. Code, Title 18, Section 1001), and/or revocation of any station license or construction permit (U.S. Code, Title 47, Section 312(a)(1)), and or forfeiture (U.S. Code, Title 47, Section 603).

Printed/Typed Name of Permittee or Licensee (Must agree with Item 1)	Signature	Title (Office Held by Person Signing)	Date
AIX Network Corp.			

PART II - To be completed by Transferor

6(a) Transfer of Control will be accomplished by: (check one)

☒ Sale or other transfer or assignment of stock
(Complete Item 6(b)).

☐ Other (e.g., voting trust agreement, management contract, Court Order, etc.)

(b) Shares	No. of Shares	Classification (common, preferred, etc.)
Shares to be transferred		
Shares issued and outstanding		
Shares authorized		

7. Attach as Exhibit No. 2 a statement on how control is to be transferred, and copies of any pertinent contracts, agreements, instruments, certified copies of Court Orders, etc.

CERTIFICATION: The undersigned represents that stock will not be delivered and that control will not be transferred until the Commission's consent has been received, but that transfer must be completed within 45 days if Commission consents; that all attached exhibits pertinent to Part II of this application are true, complete and correct to the best of his (her) knowledge and belief. Willful false statements made on the application are punishable by fine and/or imprisonment (U.S. Code, Title 18, Section 1001), and/or revocation of any station license or construction permit (U.S. Code, Title 47, Section 312(a)(1)), and or forfeiture (U.S. Code, Title 47, Section 603).

Printed/Typed Name of Transferor Licensee (Must agree with Item 3)	Signature	Title (Office Held by Person Signing)	Date
Teleport Communications Group Inc.		Vice President Regulatory	2/3/98

PART III - To be completed by Transferee

8. Transferee is: (check one)

☐ INDIVIDUAL

☐ PARTNERSHIP

☒ CORPORATION

☐ UNINCORPORATED ASSOCIATION

9. Attach as Exhibit No. 3 a statement of transferee's principal business.

10. Attach as Exhibit No. N/A a statement of the businesses, employment, or activities, other than communications in which individual transferee, each member if a partnership, and all principals if a corporation, are engaged, giving (a) nature of activity, (b) location of activity, and (c) hours devoted to each activity.

Place an "X" in the appropriate column.	YES	NO
11. Is individual transferee, or if partnership each member of partnership, a citizen of the United States? ➤	N/A	
12. Is transferee or any party to this application a representative of an alien or of a foreign government? ➤		X
13. If transferee is a partnership, attach as Exhibit No. _____ one copy, properly certified of the partnership agreement, or if oral, complete details thereof.	N/A	
14. If transferee is a Corporation (including joint stock companies) or Association, answer the following:		
a. Under laws of what State or Country is it organized? New York		
(1) Attach as Exhibit No. <u>N/A</u> a certified copy of the Articles of Incorporation (charter) if not heretofore on file with the Commission. On File with Commission		
(2) Attach as Exhibit No. <u>N/A</u> the names, addresses and percentages of stock held by all principals of the corporation and by all stock holders owning and/or voting 10 percent of more of the transferee's stock.		
b. Is any director or officer an alien? ➤		
c. Is more than one-fifth of the capital stock owned of record, or may it be voted, by aliens or their representatives, or by a foreign government or representatives thereof, or by a corporation organized under the laws of a foreign government? ➤		X
d. Is transferee directly or indirectly controlled by an other corporation? If "YES", give in Exhibit No. _____ the names and addresses of all such controlling corporations to and including organization having final control and furnish for each all the information requested in 14a through c above. ➤		X
e. Is transferee directly or indirectly controlled by any other corporation of which any officer or more than one-fourth of the directors are aliens? ➤		X
f. Is more than one-fourth of the capital stock of any controlling corporation owned of record, or may it be voted by aliens or their representatives, or by a foreign government or representative thereof, or by an corporation organized under the laws of a foreign government? ➤		X
15. Is transferee directly or indirectly interested in or affiliated with any entity or person engaged in the business of providing a public land line message telephone service? If "YES", and transferee is not a land line telephone carrier, attach as Exhibit No. _____ a statement relating the facts. ➤	N/A	
16. If permittee or licensee holds any Multipoint Distribution Service (MDS or MMDS) authorizations, is transferee directly or indirectly interested in or affiliated with, or has leasing arrangements with a cable television company? If "YES", submit as Exhibit No. _____ a description of the relationship and a map showing overlap of boundaries of cable franchise area and MDS station's protected service area, if any. ➤		X
17. Has transferee or any party to this application had any station authorization revoked or had any application for construction permit, license or renewal denied by the Commission? If "YES", attach as Exhibit No. _____ a statement relating all the pertinent circumstances. ➤		X
18. Has any court finally adjudged the transferee, or any person directly or indirectly controlling the transferee, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement or any other means or of unfair methods of competition? If "YES", attach as Exhibit No. _____ a statement relating the facts. ➤		X
19. Has the transferee, or any party to this application, or any person directly or indirectly controlling the transferee ever been convicted of a crime for which the penalty imposed was a fine of \$500 or more, or an imprisonment of six months or more? If "YES", attach as Exhibit No. _____ a statement relating the facts. ➤		X
20. Is transferee, or any person directly or indirectly controlling the transferee, presently a party in any matter referred to in Items 17, 18, or 19? If "YES", attach as Exhibit No. _____ a statement relating the facts. ➤		X
21. Is transferee directly or indirectly, through stock ownership, contract, or otherwise interested in the ownership or control of any other radio stations licensed by this Commission? If "YES", give (a) call sign and service, (b) location, and (c) name of licensee below. See Exhibit 4 ➤	X	
22. Has applicant ever been directly or indirectly interested in the ownership or control of any radio stations other than those stated in Item 21 above? If "YES", give (a) call sign and service, (b) location, and (c) name of licensee below. See Exhibit 4 ➤	X	

Place an "X" in the appropriate column.		YES	NO
23. Will transferee propose any of the following changes after the transfer of control is authorized (see instructions):			
a. Changes in the services currently offered? If "YES", attach as Exhibit No. _____ a brief statement of the proposed changes. ➤			X
b. Changes in technical personnel, maintenance or repair of facilities? If "YES", attach as Exhibit No. _____ a description of positions to be changed and specific arrangements for prompt maintenance or repair of facilities. ➤			X
c. Changes in management or personnel responsible for the operation of the station? If "YES", in Exhibit No. _____, describe the manner in which the proposal will operate, and list present positions of responsibility to be changed and proposed positions and division of responsibility, including hours of physical supervision. (When responsibilities are to be divided with any other business, give the name and address of owner of each such business and submit copy of working agreement.) ➤			X
24. If transferee is a corporation, is stock of transferee to be sold after this consent is issued for any other purpose? If "YES", explain purpose in Exhibit No. _____ ➤			X
25. Does transferee now hold any obligations of licensee corporation? If "YES", in Exhibit No. _____, describe the obligations, methods by which acquired, and the dates on which they were obtained. ➤			X
26. Does local or state law require any authorization to transfer the control of the facilities and/or operations involved herein? If "YES", attach as Exhibit No. _____ a single certified copy of such authorization. ➤			X
27. a. Is transferee personally familiar with the provisions of the Commission's Rules governing the services which are the subject of this application? ➤	X		
b. Has transferee examined the subject facilities and determined that construction and operation is in compliance with current authorizations and the Commission's Rules? ➤	X		
28. Attach as Exhibit No. <u>5</u> a complete statement, setting forth facts which show how the instant proposal will be in the public interest, and disclosing all relationships, affiliations or connections between the transferee and current or prospective subscribers. The statement should contain the names of any common stockholders, officers, directors, employees or individuals closely related to the management or control of the facilities of the transferee and any subscriber.			
29. If corporate permittee or licensee holds any authorizations for Part 21 stations, answer (a) and (b) below:			
a. Does authorization involve facilities that have not been constructed? If "YES", does transferee represent that it has, or has reasonable assurance that it will have, the ability to meet the expected cost of constructing any such facilities within the construction period, and the estimated operating expenses for twelve months? ➤	X		
b. Were facilities authorized following a comparative hearing and have been operated less than one year; or involve facilities that have not been constructed; or involve facilities that were authorized following a random selection proceeding in which the successful applicant received a preference and that have been operated for less than one year? ➤	N/A		
30. Does transferee represent that the information given in Part III of this application is true and correct, including any contracts or other instruments submitted, and that said information and contracts (if any) constitute the full agreement? ➤	X		
31. Does transferee acknowledge that, if Commission consents, transfer of control must be completed within 45 days of date of consent and Commission must be notified by letter within 10 days of consummation? ➤	X		

CERTIFICATION; Neither the applicant nor any other party to the application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance. The undersigned represents that all the attached exhibits pertinent to Part III are a material part hereof and are incorporated herein as if set out in full in this application; and certifies that all the statements made in Part III of this application are true, complete and correct to the best of his (her) knowledge and belief.

Willful false statements made on this application are punishable by fine and imprisonment (U. S. Code, Title 18, Section 1001) and/or revocation of any Station license or construction permit (U.S. Code, Title 47, Section 312(a)(1)) and or forfeiture (U.S. Code, Title 47, Section 503).

Typed/Printed Name of Transferee	Signature	Title (Office Held by Person Signing)	Date
AT&T Corp.	<i>Richard D. Bailey</i>	Vice President Federal Government Affairs	2/3/98

ACC NETWORK, CORP.
POINT-TO-POINT MICROWAVE FACILITIES IN NEW YORK

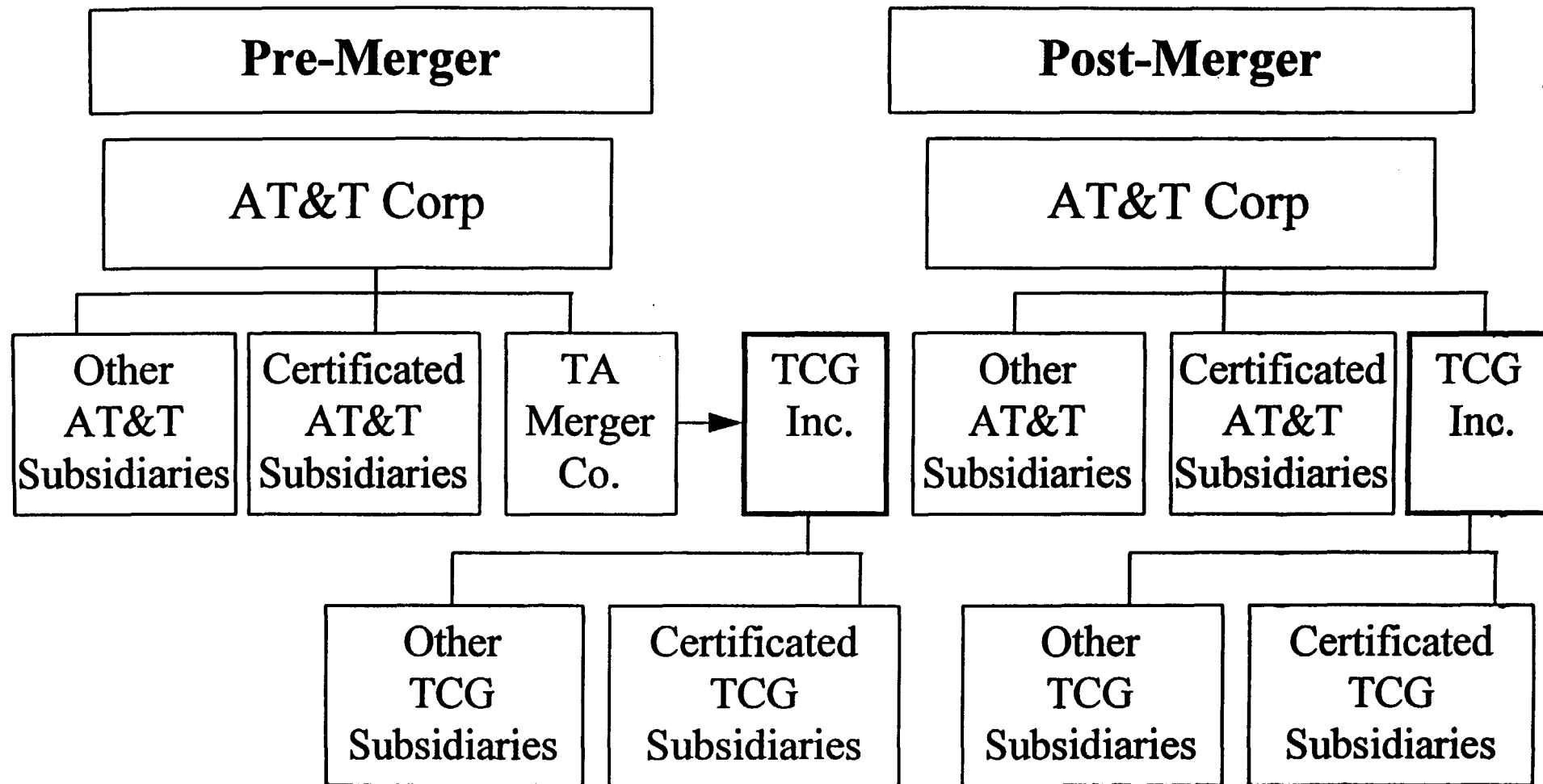
<u>Call Sign</u>	<u>Location</u>	<u>Exp. Date</u>	<u>Service</u>
WLM560	MARINER	2/1/2001	CF
WLM934	WORDEN HILL	2/1/2001	CF
WLM935	SENECA FALLS	2/1/2001	CF
WLM936	OTISCO	2/1/2001	CF
WLM937	SYRACUSE	2/1/2001	CF
WLL906	SYRACUSE TB	2/1/2001	CF

STATEMENT REGARDING TRANSFER OF CONTROL

The instant application seeks FCC consent to the transfer of control to AT&T of ACC Network Corp. ("ACC"), currently proposed to be a wholly-owned subsidiary of Teleport Communications Group Inc. ("TCG"). On December 23, 1997, the FCC received an application requesting its consent to the transfer of control of ACC to TCG pursuant to a proposed merger of ACC and TCG. That application is still pending before the Commission. At the present time, AT&T Corp. ("AT&T") and TCG also have proposed a transaction that will result in the transfer of control of TCG to AT&T. AT&T and TCG are filing the instant application seeking FCC consent to the transfer of control of ACC to AT&T because it is possible that the merger of ACC and TCG will occur prior to the closing the merger of AT&T and TCG.

The proposed transfer of control to TCG to AT&T will be accomplished pursuant to an Agreement and Plan of Merger, a copy of which is attached hereto. Pursuant to the Plan of Merger, TA Merger Corp., a wholly-owned Delaware subsidiary of AT&T, will merge with and into TCG. As a result, TCG will become a wholly-owned subsidiary of AT&T, and, when acquired by TCG, ACC will become an indirect wholly-owned subsidiary of AT&T.

Proposed Transfer of Control of Teleport Communications Group Inc. to AT&T



AGREEMENT AND PLAN OF MERGER

AMONG

AT&T CORP.,

TA MERGER CORP.

AND

TELEPORT COMMUNICATIONS GROUP INC.

Dated as of January 8, 1998

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EXHIBITS

- A Form of Affiliate Agreement
- B Employees Entering into Employment Agreements

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of January 8, 1998, among AT&T Corp., a New York corporation ("Parent"), TA Merger Corp., a Delaware corporation and a direct wholly owned subsidiary of Parent ("Merger Sub"), and Teleport Communications Group Inc., a Delaware corporation (the "Company").

RECITALS

WHEREAS, the Boards of Directors of Parent, Merger Sub and the Company each have determined that it is in the best interests of their respective stockholders for Merger Sub to merge with and into the Company, upon the terms and subject to the conditions of this Agreement (the "Merger");

WHEREAS, for United States federal income tax purposes, it is intended that the Merger shall qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code (as defined herein);

WHEREAS, it is intended that the Merger shall be recorded for accounting purposes as a pooling of interests;

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger; and

WHEREAS, Parent and Merger Sub have required, as a condition to their willingness to enter into this Agreement, that the Cable Stockholders (as defined herein) contemporaneously enter into the Voting Agreement and execute and deliver the Stockholders Consent (as defined herein) immediately following the execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, Parent, Merger Sub and the Company hereby agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the respective meanings set forth below:

"ACC": ACC Corp., a Delaware corporation.

"ACC Agreement": The Agreement and Plan of Merger by and among the Company, TCG Merger Co., Inc. and ACC dated as of November 26, 1997, as it may be amended from time to time.

"Acquisition Proposal": As defined in Section 7.2.

"Affiliate": As defined in Rule 12b-2 under the Exchange Act.

"Authorization": Any consent, approval or authorization of, expiration or termination of any waiting period requirement (including pursuant to the HSR Act) by, or filing, registration, qualification, declaration or designation with, any Governmental Body.

"Benefit Arrangement": As defined in Section 5.9(a).

"Cable Stockholder": Each of Comcast Corporation, Comcast Teleport, Inc., Comcast Communications Properties, Inc., Cox Communications, Inc., Cox Teleport Partners, Inc., Tele-Communications, Inc. and TCI Teleport, Inc. (which, collectively, shall be referred to herein as the "Cable Stockholders").

"Certificate of Merger": The certificate of merger with respect to the merger of Merger Sub with and into the Company, containing the provisions required by, and executed in accordance with, Section 251 of the DGCL.

"Certificates": As defined in Section 4.2(b).

"Claim": As defined in Section 7.7(a).

"Class A Common Stock": Class A Common Stock, par value \$.01 per share, of the Company.

"Class B Common Stock": Class B Common Stock, par value \$.01 per share, of the Company.

"Closing": The closing of the Merger.

"Closing Date": The date on which the Closing occurs.

"Code": The Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder, as in effect from time to time.

"Company": Teleport Communications Group Inc., a Delaware corporation.

"Company Disclosure Statement": The disclosure statement, dated the date of this Agreement, delivered by the Company to Parent.

"Company Option": As defined in Section 4.1(e).

"Company Permits": As defined in Section 5.4.

"Company SEC Reports": As defined in Section 5.12.

"Company Stock Incentive Right": As defined in Section 4.1(f).

"Company Stock Purchase Plan": As defined in Section 4.1(h).

"Company Stock Unit": As defined in Section 4.1(g).

"Controlled Group Liability": As defined in Section 5.9(e).

"DGCL": The Delaware General Corporation Law.

"Effective Time": As defined in Section 2.2.

"Employee Plan": As defined in Section 5.9(a).

"Employees": As defined in Section 5.9(a).

"ERISA": The Employee Retirement Income Security Act of 1974, as amended, and all regulations promulgated thereunder, as in effect from time to time.

"ERISA Affiliates": Any trade or business, whether or not incorporated, that is now or has at any time in the past five years been treated as a single employer with the Company or any of its Subsidiaries under Section 414(b) or (c) of the Code and the Treasury Regulations thereunder.

"Excess Shares": As defined in Section 4.3.

"Exchange Act": The Securities Exchange Act of 1934, as amended.

"Exchange Agent": As defined in Section 4.2(a).

"Exchange Fund": As defined in Section 4.2(a).

"Exchange Ratio": As defined in Section 4.1(a).

"FCC": The Federal Communications Commission.

"FCC Consent": Actions by the FCC granting its consent to the transfer of control of the FCC Licenses in connection with the consummation of the transactions contemplated hereby.

"FCC Licenses": All licenses, permits, construction permits and other authorizations issued by the FCC in connection with the business and operations of the Company and its Subsidiaries.

"Fractional Securities Fund": As defined in Section 4.3.

"Governmental Body": Any federal, state, municipal, political subdivision or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign.

"HSR Act": The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Parties": As defined in Section 7.7(a).

"Information Statement/Prospectus": As defined in Section 7.4.

"Intellectual Property": All industrial and intellectual property rights, including Proprietary Technology, patents, patent applications, trademarks, trademark applications and registrations, service marks, service mark applications and registrations, copyrights, know-how, licenses, trade secrets, proprietary processes, formulae and customer lists. "Proprietary Technology" means all proprietary processes, formulae, inventions, trade secrets, know-how, development tools and other proprietary rights used by the Company and its Subsidiaries or Parent and its Subsidiaries, as the case may be, pertaining to any product, software or service manufactured, marketed, licensed or sold by the Company and its Subsidiaries or Parent and its Subsidiaries, as the case may be, in the conduct of their business or used, employed or exploited in the development, license, sale, marketing, distribution or maintenance thereof, and all documentation and media constituting, describing or relating to the above, including manuals, memoranda, know-how, notebooks, software, records and disclosures.

"knowledge": With respect to the Company, the actual knowledge of any executive officer (determined in accordance with Rule 16a-1(f) under the Exchange Act as in effect on the date hereof) of the Company and, with respect to Parent or Merger Sub, the actual knowledge of any executive officer (determined in accordance with Rule 16a-1(f) under the Exchange Act as in effect on the date hereof) of Parent or Merger Sub, as the case may be.

"Law": Any foreign or domestic law, statute, code, ordinance, rule, regulation promulgated, or order, judgment, writ, stipulation, award, injunction or decree entered by a Governmental Body.

"LEC": A local exchange carrier.

"Material Adverse Effect": On any Person, a material adverse effect on the business, properties, operations or financial condition of such Person and its Subsidiaries taken as a whole, other than any such effect (i) arising out of or resulting from general economic conditions, (ii) arising out of or resulting from changes in or affecting the telecommunications business generally, or, in the case of a determination with respect to Parent and its Subsidiaries, the long distance telecommunications business generally, or, in the case of a determination with respect to the Company and its Subsidiaries, the competitive local exchange carrier business generally, or (iii) arising out of or resulting from, in the case of a determination with respect to the Company and its Subsidiaries, any loss of customer revenues attributable to the announcement of this Agreement and the transactions contemplated hereby, or, in the case of a determination with respect to Parent and its Subsidiaries, the entry of the Regional Bell Operating Companies into the long distance telecommunications business.

"Merger": The merger of Merger Sub with and into the Company as contemplated by Section 2.1.

"Merger Sub": TA Merger Corp., a Delaware corporation.

"NYSE": The New York Stock Exchange, Inc.

"Parent": AT&T Corp., a New York corporation.

"Parent Common Shares": Shares of common stock, par value \$1.00 per share, of Parent.

"Parent Disclosure Statement": The disclosure statement, dated the date of this Agreement, delivered by Parent to the Company.

"Parent Option": As defined in Section 4.1(e).

"Parent Permits": As defined in Section 6.4.

"Parent Representatives": As defined in Section 7.6.

"Parent SEC Reports": As defined in Section 6.10(a).

"Parent Stock Incentive Right": As defined in Section 4.1(f).

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"Parent Stock Unit": As defined in Section 4.1(g).

"Permit": Any franchise, grant, authorization, license, permit, easement, variance, exception, consent, certificate, approval, clearance or order of any Governmental Body.

"Person": Any individual or corporation, company, partnership, trust, incorporated or unincorporated association, joint venture or other entity of any kind.

"Proposed Financing": As defined in Section 7.14.

"Rule 145 Affiliate": As defined in Section 7.9.

"S-4 Registration Statement": As defined in Section 7.4.

"SEC": The Securities and Exchange Commission.

"Securities Act": The Securities Act of 1933, as amended.

"Share Consideration": As defined in Section 4.1(b).

"Shares": Collectively, the shares of Class A Common Stock and the shares of Class B Common Stock.

"Stockholders' Agreement": The Amended and Restated Stockholders' Agreement, dated June 26, 1996, by and among the Company and Comcast Teleport, Inc., Comcast Communications Properties, Inc., Cox Teleport Partners, Inc., and TCI Teleport, Inc.

"Stockholders Consent": As defined in Section 7.3.

"Subsidiary": As to any Person, any other Person of which at least 50% of the equity and voting interests are owned, directly or indirectly, by such first Person.

"Surviving Corporation": The surviving corporation in the Merger.

"Tax": As defined in Section 5.10(d).

"Tax Return": As defined in Section 5.10(d).

"US Wats": US Wats, Inc., a New York corporation.

"US Wats Agreement": The Agreement and Plan of Merger, dated as of October 28, 1997, by and among ACC, ACC Acquisition - Blue Corp. and US Wats.

"Voting Agreement": The Voting Agreement, dated the date hereof, by and among Parent and each of the Cable Stockholders.

"Wholly-Owned Subsidiary": As to any Person, a Subsidiary of such Person 100% of the equity and voting interest in which is owned, directly or indirectly, by such Person.

ARTICLE II

THE MERGER; EFFECTIVE TIME; CLOSING

2.1. The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, Merger Sub shall be merged with and into the Company in accordance with the provisions of Section 251 of the DGCL and with the effect provided in Sections 259 and 261 of the DGCL. The separate corporate existence of Merger Sub shall thereupon cease and the Company shall be the Surviving Corporation and shall continue its corporate existence as a Subsidiary of Parent and shall continue to be governed by the laws of the State of Delaware. At the election of Parent, any direct Wholly-Owned Subsidiary of Parent with respect to which the representation and warranty set forth in Section 6.14 is true and correct may be substituted for Merger Sub as a constituent corporation in the Merger.

2.2. Effective Time. The Merger shall become effective on the date and at the time (the "Effective Time") that the Certificate of Merger shall have been accepted for filing by the Secretary of State of the State of Delaware (or such later date and time as may be specified in the Certificate of Merger by mutual agreement of Parent, Merger Sub and the Company), which shall be on the Closing Date or as soon as practicable thereafter.

2.3. Closing. Subject to the fulfillment or waiver of the conditions set forth in Article VIII, the Closing shall take place (a) at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York, at 10:00 a.m. on the earliest practicable date (but no later than the fifth business day) following the satisfaction or waiver of the conditions set forth in Article VIII (other than those conditions to be satisfied or waived at the Closing) or (b) at such other place and/or time and/or on such other date as Parent, Merger Sub and the Company may agree.

ARTICLE III

TERMS OF MERGER

3.1. Certificate of Incorporation. As of the Effective Time, the Certificate of Incorporation of the Company shall be amended pursuant to the Certificate of Merger to be identical to the Certificate of Incorporation of Merger Sub in effect immediately prior to the Effective Time, except that Article FIRST thereof shall read as follows: "The name of the Corporation (which is hereinafter called the "Corporation") is Teleport Communications Group Inc." Such Certificate of Incorporation as so amended shall be the Certificate of Incorporation of the Surviving Corporation, until duly amended in accordance with the terms thereof and of the DGCL. Prior to the Effective Time, Parent shall take such steps as are necessary so that immediately prior to the Effective Time the Certificate of Incorporation of Merger Sub shall include the provisions of Articles V.B. and VIII of the Certificate of Incorporation of the Company.

3.2. The By-Laws. The By-Laws of the Company shall be amended as of the Effective Time to be identical to the By-Laws of Merger Sub in effect immediately prior to the Effective Time and, in such amended form, shall be the By-Laws of the Surviving Corporation, until duly amended in accordance with the terms thereof, of the Certificate of Incorporation of the Surviving Corporation and of the DGCL.

3.3. Directors. The directors of Merger Sub at the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-Laws.

3.4. Officers. The officers of the Company at the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-Laws.

ARTICLE IV

SHARE CONSIDERATION; CONVERSION OR CANCELLATION OF SHARES IN THE MERGER

4.1. Share Consideration; Conversion or Cancellation of Shares in the Merger. Subject to the provisions of this

Article IV, at the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof, the shares of the constituent corporations shall be converted or cancelled as follows:

(a) Each Share issued and outstanding immediately prior to the Effective Time (other than Shares owned by Parent or the Company or any of their respective Wholly-Owned Subsidiaries) shall be converted into .943 of a Parent Common Share (the "Exchange Ratio"). If, prior to the Effective Time, Parent should split or combine the Parent Common Shares, or pay a stock dividend or other stock distribution in Parent Common Shares, or otherwise change the Parent Common Shares into any other securities, or make any other dividend or distribution on the Parent Common Shares (other than normal quarterly dividends as the same may be adjusted from time to time in the ordinary course), then the Exchange Ratio will be appropriately adjusted to reflect such split, combination, dividend or other distribution or change.

(b) All Shares to be converted into Parent Common Shares pursuant to this Section 4.1 shall cease to be outstanding, shall be canceled and retired and shall cease to exist, and each holder of a certificate representing any such Shares shall thereafter cease to have any rights with respect to such Shares, except the right to receive for each of the Shares, upon the surrender of such certificate in accordance with Section 4.2, the amount of Parent Common Shares specified above (the "Share Consideration") and cash in lieu of fractional Parent Common Shares as contemplated by Section 4.3.

(c) Each Share issued and outstanding and owned by Parent or the Company, or any of their respective Wholly-Owned Subsidiaries, immediately prior to the Effective Time shall cease to be outstanding, shall be canceled and retired without payment of any consideration therefor and shall cease to exist.

(d) Each share of Common Stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Corporation.

(e) At the Effective Time, each of the then outstanding stock options, if any, to purchase Shares (each, a "Company Option") issued by the Company pursuant to any stock option or similar plan of the Company, and any non-plan options set forth in Section 5.6 of the Company Disclosure Statement issued by the Company pursuant to an option agreement or otherwise, shall, by virtue of the Merger, and without any further action on the part of any

holder thereof, be assumed by Parent and converted into an option (a "Parent Option") to purchase that number of Parent Common Shares determined by multiplying the number of Shares subject to such Company Option at the Effective Time by the Exchange Ratio, at an exercise price per Parent Common Share equal to the exercise price per share of such Company Option immediately prior to the Effective Time divided by the Exchange Ratio, rounded down to the nearest whole cent. If the foregoing calculation results in an assumed Company Option being exercisable for a fraction of a Parent Common Share, then the number of Parent Common Shares subject to such option shall be rounded up to the nearest whole number of shares, with no cash being payable for such fractional share. The terms and conditions of each Parent Option shall otherwise remain as set forth in the Company Option converted into such Parent Option. The adjustment provided herein with respect to any options which are "incentive stock options" (as defined in Section 422 of the Code) shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Code.

(f) At the Effective Time, each of the then outstanding stock incentive rights to acquire Shares (each, a "Company Stock Incentive Right") held by any Person as a result of the consummation of the transactions contemplated by the ACC Agreement shall, by virtue of the Merger, and without any further action on the part of any holder thereof, be assumed by Parent and converted into a right (a "Parent Stock Incentive Right") to acquire that number of Parent Common Shares determined by multiplying the number of Shares subject to such Company Stock Incentive Right at the Effective Time by the Exchange Ratio. If the foregoing calculation results in an assumed Company Stock Incentive Right providing the right to acquire a fraction of a Parent Common Share, then the number of Parent Common Shares subject to such right shall be rounded up to the nearest whole number of shares, with no cash being payable for such fractional share. The terms and conditions of each Parent Stock Incentive Right shall otherwise remain as set forth in the Company Stock Incentive Right converted into such Parent Stock Incentive Right.

(g) At the Effective Time, each of the then outstanding share units under the Company's 1996 Equity Incentive Plan (each, a "Company Stock Unit") shall, by virtue of the Merger, and without any further action on the part of any holder thereof, be assumed by Parent and converted into a right (a "Parent Stock Unit") to receive that number of Parent Common Shares determined by multiplying the number of Shares subject to such Company Stock Unit at the Effective Time by the Exchange Ratio. If the foregoing calculation results in an assumed Company Stock